

AUDIT REPORT OVERSIGHT

Presented by:

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Director of Local Government, Illinois Office of the Comptroller

What the state
reviews in
your audit



INDEPENDENT AUDITOR'S REPORT REVIEW

Step 1 – Filing

- ✓ **Electronically**
 - ✓ Must provide “sufficient evidence” for electronic filing waiver
- ✓ ***Receipt date* within 180-days of fiscal year-end**
- ✓ **Auditor licensed in the State of Illinois**



INDEPENDENT AUDITOR'S REPORT REVIEW

Extensions

- ✓ Requested electronically by the filer
- ✓ Automatically granted for AFR, Audit
- ✓ Provides for an additional 60 days
- ✓ Confirmation email
- ✓ TIF extensions requested separately

***Not granted if delinquent for prior years' reports**



INDEPENDENT AUDITOR'S REPORT REVIEW

Step 2 – Audit Review Checklist

Auditor's Report

- ✓ Implemented GASB 34
- ✓ Conducted in accordance with GAAP
- ✓ Accounting method (i.e. OCBOA, Cash, etc.)
- ✓ Auditor's Opinion



INDEPENDENT AUDITOR'S REPORT REVIEW

Step 2 – Audit Review Checklist

Required Supplemental Information

- ✓ Management Discussion & Analysis (MD&A)
- ✓ Budgetary Comparisons in F/S
- ✓ Pension Information in F/S



INDEPENDENT AUDITOR'S REPORT REVIEW

Step 2 – Audit Review Checklist

Financial Statements

- ✓ Net Assets
- ✓ Activities Statement
- ✓ Balance Sheet
- ✓ Revenue, Expenditure, Changes in Fund Balance
- ✓ Notes to the Financial Statement



INDEPENDENT AUDITOR'S REPORT REVIEW

Step 2 – Audit Review Checklist

Opinions

Management has not presented/recorded:

- ✓ Financial Statements
- ✓ Capital Assets
- ✓ Fixed Assets and Depreciation
- ✓ Infrastructure Assets and Depreciation
- ✓ Financial Statements for Component Units



INDEPENDENT AUDITOR'S REPORT REVIEW

Step 2 – Audit Review Checklist

Other Findings

- ✓ Insufficient evidence for audit opinion
- ✓ Inadequate records for preparation of financial statements
- ✓ Insufficient, inadequate controls
- ✓ Pending investigate
- ✓ Potential fraud
- ✓ Misappropriation of funds



AUDIT REPORT REJECTION

Step 3 – Corrective Action Requests

Adverse or Disclaimer of Opinion

An audit report which fails to meet the requirements of state statutes *shall* be rejected by the Comptroller and returned to the government body of the governmental unit for corrective action.

Governmental Account Audit Act [50 ILCS 310/2]

Illinois Counties Code [55 ILCS 5/6-31003]

Illinois Municipal Auditing Act [65 ILCS 5/8-8-7]





STATE OF ILLINOIS
COMPTROLLER
LESLIE GEISSLER MUNGER

August 31, 2015



Corrective Action Requested

Unit Code [REDACTED]

Re: **Adverse Opinion on Governmental Activities and the General Fund – [REDACTED] 2015 Annual Audit**

Dear Chairman [REDACTED],

The Office of the Comptroller has received [REDACTED] Annual Audit Report for Fiscal Year 2015. Our review indicates that the auditors have given your government an adverse opinion on Governmental Activities and the General Fund. Specifically, the audit report states that "several accounts in the General Fund are misstated because certain transactions are not completely and accurately recorded." Additionally, "these differences combined also result in the material misstatement of the Governmental Activities."

According to the Government Account Audit Act 50 ILCS 310/2, the Illinois Counties Code 55 ILCS 5/8-31003, and the Illinois Municipal Auditing Act 65 ILCS 5/8-8-7, an audit report which fails to meet the requirements of these Acts shall be rejected by the Comptroller and returned to the governing body of the governmental unit for corrective action.

Because of the findings in your audit, a copy of which is included, a corrective action plan and anticipated schedule of completion that addresses the concern mentioned in your audit is necessary.

Please prepare and provide the requested information to our office within sixty (60) days of receipt of this letter. A copy of this letter will be included with the audit report filed with the Illinois Comptroller's Office.

Questions regarding the auditor's adverse opinion on Governmental Activities and the General Fund should be directed to the accounting professional that conducted your audit. If you have any further questions or need assistance, please feel free to contact me at any time.

Sincerely,

Michael Dropka, Compliance Manager
Local Government Division, Office of the Comptroller Leslie Geissler Munger
100 W. Randolph St., Suite 15-500, Chicago, IL 60601
Phone: (312) 814-0047 Fax: (312) 814-3117 Email: dropkamc@mail.ioc.state.il.us

Cc:



Lauren Fleming Shilga Director – Local Government Division



AUDIT REPORT REJECTION

Step 3 – Correction Action Requests Letters & Responses

- ✓ Corrective Action Request letter
- ✓ Response required within 60 days
- ✓ Response include:
 - ✓ Plan addressing each finding
 - ✓ Anticipated schedule of completion
- ✓ Questions → accountant/auditor
- ✓ Correspondence posted online with audit report



FINES FOR LATE REPORTS

Step 4 – Fine Accrual for Late Reports

- ✓ First day after 180-day deadline (Day 181)
- ✓ First day after 60-day extension (Day 241)

Fee schedule:

- 1-15 days: \$5 per day per report
- 16-30 days: \$10 per day per report
- 31-45 days: \$15 per day per report
- 45+ days: \$20 per day per report



FINES FOR LATE REPORTS

Step 4 – Fine Accrual for Late Reports

Fine Reduction Requests

- ✓ Upon receipt of late audit report, Fine Reduction Request form is sent to the government
- ✓ Return within 30 days
- ✓ Adjudication Officer will contact requestor



QUESTIONS? ASSISTANCE?

HOTLINE

(877) 304-3899

EMAIL

LocGov@IllinoisComptroller.gov

